

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the goal is that the cost of expenses, including both operations and capital, are financed or recovered primarily through user related charges. Capital purchases are not budgeted as expenses; in accordance with Generally Accepted Accounting Principles, they are depreciated over the useful life of the asset. Individual operations which the City of Annapolis has designated as Enterprise Funds include the Water, Sewer, Off Street Parking, Dock, Market, Transportation and Refuse Funds.

The City's goal is for enterprise funds to establish rates which provide for self-sufficiency.

Water Fund

The Water Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's water plant and water distribution system. The fund's primary source of revenue is from user charges levied on water customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's water system. It is billed to the property owner over a period of thirty years and is used solely for water system improvements.

The Water Fund consists of two divisions: Water Plant and Water Distribution. The Water Plant is responsible for the production, treatment, testing, storage, and initial distribution of all potable water for customers of the City. The Water Distribution division is responsible for meter reading and operating, maintaining and repairing the City's 125 mile water distribution system, including service lines, water meters and fire hydrants.

<i>Water Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Water Charges	\$3,813,380	\$3,598,100	\$3,545,000	-1.48%
Rents and Concessions	34,670	33,600	33,600	0.00%
Adjustment for Non-Operating Revenue	(650,880)	(574,000)	(434,960)	-24.22%
Other	21,570	0	0	0.00%
Capital Facilities	629,310	439,100	444,300	1.18%
Total Revenues	\$3,848,050	\$3,496,800	\$3,587,940	2.61%

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<i>Water Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Personnel	\$1,170,190	\$1,258,190	\$1,362,520	8.29%
Electricity	284,420	234,150	234,150	0.00%
Other Operating Expenses	1,352,510	1,303,580	1,266,720	-2.83%
Debt Service	585,280	697,880	599,050	-14.16%
Capital Outlays	0	3,000	125,500	N/A
Total Expenses	\$3,392,400	\$3,496,800	\$3,587,940	2.61%

Sewer Fund

The Sewer Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's sewage collection and treatment program. The fund's primary source of revenue is from user charges levied on sewer system customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's sewer system. It is billed to the property owner over a period of thirty years and is used solely for sewage conveyance system improvements.

The Sewer Fund consists of two divisions: Sewer Plant and Sewer Collection. The Sewer Plant accounts for the City's share of operating expenses for the treatment of all wastewater generated by City customers and certain Anne Arundel County customers at the Annapolis Wastewater Treatment Plant, which is owned jointly by Annapolis and Anne Arundel County. The Sewer Collection division is responsible for operating, maintaining and repairing the City's 125 mile sewage conveyance system, including twenty-two pumping stations.

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<i>Sewer Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Sewer Charges	\$4,854,080	\$5,093,280	\$4,896,580	-3.86%
Interest Earnings	0	0	0	0.00%
Prior Year Operating Surplus	0	0	0	0.00%
Adjustment for Non-Operating Revenue	(744,760)	(1,029,360)	(792,500)	-23.01%
Capital Facilities	731,380	333,000	339,600	1.98%
Other	13,380	0	0	0.00%
Total Revenues	\$4,854,080	\$4,396,920	\$4,443,680	1.06%

<i>Sewer Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Personnel	\$469,830	\$529,390	\$572,630	8.17%
Contract services	2,383,060	2,225,260	2,538,990	14.10%
Other Operating Expenses	626,240	817,620	649,750	-20.53%
Debt Service	651,000	824,650	637,310	-22.72%
Capital Outlays	11,000	0	45,000	N/A
Total Expenses	\$4,141,130	\$4,396,920	\$4,443,680	1.06%

Off Street Parking Fund

The Off Street Parking Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Municipal Off Street Parking facilities. These parking facilities include two parking garages (Hillman Garage and Gott's Court Garage) and two parking lots (Larkin and South Street). This fund is totally self-supporting, producing an annual surplus. The fund's primary source of revenue is from parking fees generated by the parking garages. Together, Hillman Garage and Gott's Court Garage parking fees account for about 92% of the fund's revenue.

The City maintains a contractual agreement with a parking management company for the day-to-day operations of all parking facilities; 27.66% of total costs are for professional services as opposed to personnel costs.

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<i>Off Street Parking Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Off Street Parking Charges	\$1,922,020	\$1,817,000	\$1,917,000	5.50%
Interest Earnings	530	0	0	N/A
Total Revenues	\$1,922,550	\$1,817,000	\$1,917,000	5.50%

<i>Off Street Parking Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Contract Services	\$468,980	\$419,000	\$538,000	28.40%
Other Operating Expenses	81,560	83,250	120,470	44.71%
Debt Service	741,900	1,035,760	642,020	-38.01%
Internal Administrative Accounts	(1,140)	(23,380)	(52,440)	124.29%
Transfer to CIP	0	0	105,000	0.00%
Total Expenses	\$1,291,300	\$1,514,630	\$1,353,050	-10.67%

Dock Fund

The Dock Fund is an enterprise fund used to account for all financial activity associated with the management and control of the City's waterways, including slips and mooring buoys, showers and restrooms for boaters, sewage pump-out facilities for boaters, and maintenance of the City Dock area. This fund is totally self-supporting, generating an annual surplus. The Dock Fund's primary source of revenue is from slip charges. These are fees charged for mooring at a City Dock boat slip, based on the number of hours that the boat stays in the slip.

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<i>Dock Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
State Operating Grants	\$33,820	\$55,000	\$55,000	0.00%
Dock Charges	808,710	732,200	799,000	9.12%
Other	2,500	0	(262,630)	N/A
Total Revenues	\$845,030	\$787,200	\$591,370	-24.88%

<i>Dock Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Personnel	\$229,480	\$263,570	\$300,990	14.20%
Contract Services	480	30,480	30,480	0.00%
Other Operating Expenses	114,990	95,960	109,980	14.61%
Debt Service	116,700	113,790	126,930	11.55%
Capital Outlays	0	10,000	0	-100.00%
Internal Administrative Accounts	(139,160)	0	(122,010)	N/A
Contribution to CIP	184,300	30,000	145,000	383.33%
Total Expenses	\$506,790	\$543,800	\$591,370	8.75%

Market House Fund

The Market House Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Market House, an enclosed pavilion housing vendors who sell a wide variety of carry-out, affordable foods and beverages. This fund is totally self-supporting. The fund's revenue is from rent paid by the vendors. Primary expenses are electricity and repairs and maintenance.

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<i>Market Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Market Charges	\$117,940	\$107,600	\$117,500	9.20%
Internal Administrative Accounts	0	0	(24,640)	N/A
Total Revenues	\$117,940	\$107,600	\$92,860	-13.70%

<i>Market Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Utilities	\$35,660	\$31,500	\$31,500	0.00%
Debt Service	9,370	9,230	6,440	-30.23%
Other Operating	29,660	(44,410)	54,920	-223.67%
Contribution to CIP	0	80,000	0	N/A
Total Expenses	\$74,690	\$76,320	\$92,860	21.67%

Transportation Fund

The Transportation Fund is an enterprise fund used to account for all financial activity associated with the operation and maintenance of the City's public transportation system. This fund usually operates at a significant deficit which is offset by subsidies from other funds. The fund's primary source of revenue is from transit charges. Federal and State Grants also account for a large portion of revenues.

The Transportation Fund consists of three divisions: Administration, Transit Operations, and Maintenance. The Administration division is responsible for operational planning and service management, grants management, and taxi and pedicab licensing and regulation. The Transit Operations division is responsible for operating an effective and efficient public transit system in accordance with all state and federal regulations. The Maintenance division is responsible for the repair and maintenance of all service and support vehicles, facilities and equipment.

Enterprise Funds

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<i>Transportation Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Federal Operating and Capital Grants	\$1,001,690	\$750,000	\$1,283,200	71.09%
State Operating and Capital Grants	700,270	678,600	858,000	26.44%
Transportation Charges	656,750	691,200	765,000	10.68%
Other	658,770	0	158,000	0.00%
Total Revenues	\$3,017,480	\$2,119,800	\$3,064,200	44.55%

<i>Transportation Fund Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Personnel	\$1,943,760	\$2,278,320	\$2,399,560	5.32%
Vehicle Maintenance	159,610	148,060	182,500	23.26%
Other Operating Expenses	755,630	745,870	869,440	16.57%
Debt Service	30,520	30,090	28,330	-5.85%
Capital Outlays	142,420	15,000	0	N/A
Contribution to CIP	54,600	50,000	74,600	49.20%
Total Expenses	\$3,086,540	\$3,267,340	\$3,554,430	8.79%

Refuse Fund

The Refuse Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's residential refuse, yard waste, recycling, and bulk disposal systems. This fund is self supporting, through refuse charges paid by residential customers. The Fund's primary expense, aside from personnel costs, is the landfill tipping fee paid to the County for the disposal of residential and bulk refuse. Another significant expense is the contract service cost incurred for curbside recycling.

The Refuse Fund consists of three divisions: Residential Refuse, Yard Waste Recycling and Curbside Recycling. The Residential Refuse division is responsible for the collection and transportation of solid waste from participating residential households to a disposal site. Residential refuse pickup is twice per week. The Yard Waste Recycling division is responsible for the bi-weekly collection of yard waste from participating residential households. Collected yard waste is ground into mulch which is available to the public free of charge. The Curbside Recycling division is responsible for the curbside collection from participating residential households

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of bottles, cans, plastic and newspapers, cardboard, and mixed paper (junk mail, advertisements, magazines, etc.), and the hiring of the contractor to perform these services.

<i>Refuse Fund Revenues</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Refuse Collection Charges - Residential	\$2,304,950	\$2,366,900	\$2,366,000	-0.04%
Other	1,980	3,630	2,000	-44.90%
Total Revenues	\$2,306,930	\$2,370,530	\$2,368,000	-0.11%

<i>Refuse Expenses</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Personnel	\$835,920	\$1,024,480	\$996,920	-2.69%
Contract Services	226,000	633,660	649,910	2.56%
Other Operating Expenses	962,910	712,390	794,890	11.58%
Debt Service	60,880	0	0	N/A
Total Expenses	\$2,085,710	\$2,370,530	\$2,441,720	3.00%

Debt Service Fund

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Debt Service Principal and Interest Payments:

The tables below list the principal and interest payments for General Obligation Bonds, Loans, and Capital Leases for fiscal years 2001, 2002, and 2003.

<i>General Obligation Bonds</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Principal	\$2,580,000	\$2,695,000	\$2,825,020	4.82%
Interest	1,443,890	1,950,010	1,193,370	-38.80%
Total General Obligation Bonds	\$4,023,890	\$4,645,010	\$4,018,390	-13.49%

Loans

Principal	\$339,140	\$76,270	\$78,550	2.99%
Interest	41,010	38,600	37,270	-3.45%
Total Loans	\$380,150	\$114,870	\$115,820	0.83%

Capital Leases

Principal	\$115,420	\$0	\$0	??
Interest	300	0	0	??
Total Capital Leases	\$115,720	\$0	\$0	??

<i>Debt Service Summary</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>	<i>Percent Change</i>
Total Principal	\$3,034,560	\$2,771,270	\$2,903,570	4.77%
Total Interest	1,485,200	1,988,610	1,230,640	-38.12%
Total Debt Service	\$4,519,760	\$4,759,880	\$4,134,210	-13.14%

Debt Service Fund

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Debt Service Requirements to Maturity

General Obligation Bonds

Fiscal Years 2003 - 2020

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2003	2,825,020	1,193,370	4,018,390
2004	2,240,000	1,077,440	3,317,440
2005	2,345,000	970,610	3,315,610
2006	2,055,000	863,070	2,918,070
2007	2,170,000	758,250	2,928,250
2008	1,830,000	663,550	2,493,550
2009	1,915,000	576,560	2,491,560
2010	1,540,000	495,080	2,035,080
2011	1,625,000	418,190	2,043,190
2012	1,710,000	336,120	2,046,120
2013	1,280,000	260,860	1,540,860
2014	1,350,000	193,000	1,543,000
2015	1,135,000	128,930	1,263,930
2016	550,000	72,980	622,980
2017	580,000	45,000	625,000
2018	610,000	15,250	625,250
2019	0	0	0
2020	0	0	0
Total	\$25,760,020	\$8,068,260	\$33,828,280

Comparison of Full Time Equivalent Positions by Fund FY 2001 to FY 2003

The following tables summarize the changes in permanent and temporary positions from FY 2001 to FY 2003 for all funds.

<i>Permanent Positions by Fund</i>	<i>FTE</i>		
	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>
General	416	422	429
Water	23	23	23
Sewer	7	7	7
Off Street Parking	0	0	0
Dock	3	3	3
Market	0	0	0
Transportation	38	38	42
Refuse	22	22	22
Special Revenue	0	0	0
Grand Total	509	515	526

<i>Temporary Positions by Fund</i>			
	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>
General	15*	16*	19*
Water	0	0	0
Sewer	0	0	0
Off Street Parking	0	0	0
Dock	2*	2*	2*
Market	0	0	1
Transportation	4	4	4
Refuse	1*	1*	1*
Special Revenue	0	0	0
Grand Total	22	23	27

*These divisions have a “pool” of money that is earmarked for payment to temporary employees. The actual number of people working as “temps” varies during the fiscal year, as many of these positions are seasonal.

Comparison of Full Time Equivalent Positions by Department FY 2001 to FY 2003

The following tables summarize the changes in permanent and temporary positions from FY 2001 to FY 2003 for all departments.

<i>Permanent Positions by Department</i>	<i>FTE</i>		
	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>
Mayor and Aldermen	14	14	15
Finance	25	25	26
Human Resources	6	6	7
Planning and Zoning	16	16	16
Central Services	5	5	5
Police	170	169	169
Fire	98	99	103
Public Works	118	123	123
Recreation and Parks	19	20	20
Community Development Block Grant	0	0	0
Transportation	38	38	42
Grand Total	509	515	526

<i>Temporary Positions by Department</i>			
	<i>FY 2001 Actual</i>	<i>FY 2002 Adopted</i>	<i>FY 2003 Proposed</i>
Mayor and Aldermen	12	13	15
Finance	0	0	0
Human Resources	0	0	1
Planning and Zoning	0	0	0
Central Services	0	0	1
Police	0	0	0
Fire	0	0	0
Public Works	3	3	3
Recreation and Parks	3	3	3
Community Development Block Grant	0	0	0
Transportation	4	4	4
Grand Total	22	23	27

Summary of Position Changes FY 2002 to FY 2003

The following tables detail the changes in permanent and temporary positions from FY 2002 to FY 2003 for all departments.

<i>Permanent Positions by Department</i>	<i>FY 2002 Positions</i>	<i>Additions</i>	<i>Deletions</i>	<i>FY 2003 Positions</i>
Mayor and Aldermen	14	1	0	15
Finance	25	1	0	26
Human Resources	6	1	0	7
Planning and Zoning	16	0	0	16
Central Services	5	0	0	5
Police	169	2	2	169
Fire	99	4	0	103
Public Works	123	0	0	123
Recreation and Parks	20	0	0	20
Transportation	38	4	0	42
Grand Total	515	13	2	526

**Summary of Position Changes
FY 2002 to FY 2003**

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<i>Temporary Positions by Department</i>	<i>FY 2002 Positions</i>	<i>Additions</i>	<i>Deletions</i>	<i>FY 2003 Positions</i>
Mayor and Aldermen	13	2	0	15
Finance	0	0	0	0
Human Resources	0	1	0	1
Planning and Zoning	0	0	0	0
Central Services	0	1	0	1
Police	0	0	0	0
Fire	0	0	0	0
Public Works	3	0	0	3
Recreation and Parks	3	0	0	3
Community Development Block Grant	0	0	0	0
Transportation	4	0	0	4
Grand Total	23	4	0	27